

## Message Text

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41

ACTION SS-30

INFO OCT-01 ISO-00 SSO-00 /031 W  
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O 111322Z JUL 74

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC IMMEDIATE 1166

C O N F I D E N T I A L PANAMA 3978

STADIS////////////////////////////////////

EXDIS

FOR ARA/PAN

EO 11652: GDS

TAGS: PFOR, PQ, PN

SUBJ: PANAMA REVIEW COMMITTEE MEETING, JULY 9, 1974

REF: PANAMA 3697 AND STATE 139168

1. PRC MEETING OPENED WITH VIEWING OF CBS VIDEO TAPE  
DOCUMENTARY ON CANAL ZONE. VIEWER REACTION WAS THAT  
PRESENTATION WAS MORE BALANCED THAN NBC ON SAME SUBJECT --  
ASPECT OF NEAR VIOLENT CONFRONTATION WAS ABSENT IN CBS TAPE.

2. AMBASSADOR JORDEN INFORMED PRC ABOUT RECENT VISIT OF  
AMBASSADOR BUNKER AND CONTINUED TREATY NEGOTIATIONS WHICH  
RESULTED IN TENTATIVE AGREEMENT ON INCREASED PANAMANIAN  
PARTICIPATION IN PANAMA CANAL OPERATIONS. THE AMBASSADOR  
REPORTED ON HIS VISIT TO CONTADORA DURING THE TALKS AND  
SAID HE FELT THAT PROGRESS ACHIEVED OWED MUCH TO PRECEDING  
CANAL ZONE VISIT BY DEPUTY NEGOTIATORS AND COURTESIES  
WHICH HAD BEEN EXTENDED BY CZG OFFICIALS. AMBASSADOR  
JORDEN STATED THAT "THRESHOLD AGREEMENT" HAD NOW MOVED  
INTO CONSULTATIVE PROCESS WITHIN GOP AND HE MENTIONED  
THAT PANAMANIAN AMBASSADOR GONZALEZ REVILLA WOULD BE  
RETURNING TO WASHINGTON WITHIN A DAY OR TWO, CARRYING  
ANY COMMENTS THE GOP MIGHT HAVE ABOUT THE AGREEMENT.

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EM CONCERNING SQUATTERS, AMBASSADOR JORDEN REPORTED THERE HAD BEEN NO ADDITIONAL MOVEMENT SINCE GENERAL TORRIJOS' MEETING WITH SPOKESMEN FOR THE PANAMANIAN FARMERS RESIDING ILLEGALLY WITHIN THE CANAL ZONE. AMBASSADOR SAID THAT HE HAD INFORMED OUR COMMITTEE TO MEET WITH GN COUNTERPARTS). HE SAID HE WOULD BE HAVING A MEETING LATER THAT DAY (JULY 9) WHEREIN HE MIGHT BRING UP THE SUBJECT. AMBASSADOR JORDEN COMMENTED THAT GOP WAS HAVING ITS PROBLEMS WITH PETROLEUM DISTRIBUTION SYSTEM AND HAD BEEN "BUSY."

4. AMBASSADOR NOTED THAT PRESIDENT NIXON HAD SIGNED PANAMA CANAL TOLL INCREASE, SAYING WE WOULD BE INFORMING GOP AFTER RECEIVING INSTRUCTIONS. A PUBLIC ANNOUNCEMENT OF THE INCREASE WAS EXPECTED ON JULY 11. GOVERNOR PARKER OBSERVED THAT TOLL INCREASE COULD HAVE GONE INTO EFFECT UPON PRESIDENT'S SIGNATURE BUT HE HAD NOT EXPECTED THAT -- HE SAID HE PROPOSED DELAY OF 72 HOURS TO ALLOW TIME TO INFORM SHIPPING AGENTS. HE NOTED EVERY DAY'S DELAY WAS "COSTING" PAN CANAL AN ESTIMATED \$70,000 IN LOST REVENUE.

5. AMBASSADOR MENTIONED THAT WAIVER ON FMS WAS MOVING FORWARD AND WE WERE LIKELY TO RECEIVE CONCURRENCE. HE SAID WAIVER ON ECONOMIC ASSISTANCE HAD ALREADY BEEN SIGNED BY AID ADMINISTRATOR. AMBASSADOR NOTED THAT GOP MADE PAYMENTS OF \$400,000 ON HELICOPTER SO THAT FAP AIRCRAFT COULD CONTINUE TO RECEIVE MILITARY SUPPORT.

6. AMBASSADOR RELAYED REQUEST FROM GOP FOR ASSISTANCE BY CANAL ZONE GOVERNMENT IN MATTERS PERTAINING TO PORT CLEARANCES AND CUSTOMS, NOTING THAT OFFICE OF MARITIME AND CONSULAR ADMINISTRATION APPROACHED EMBASSY ABOUT SUCH HELP. GOVERNOR PARKER STATED REQUEST POSED NO PROBLEM BUT ASKED FOR FEW DAYS TO GET HIS PEOPLE INFORMED AND PREPARED. IT WAS AGREED THAT EMBASSY WOULD SERVE AS POINT OF COORDINATION UNTIL WORKING LEVEL CONNECTIONS ESTABLISHED.

7. GOVERNOR PARKER TOOK UP PROBLEM OF CONTINUED ADMINISTRATION AND FINANCIAL SUPPORT OF LATIN AMERICAN COMMUNITIES WITHIN CANAL ZONE AND INVITED COMMENTS FROM PRC  
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PRINCIPALS ON DRAFT PAPER PROPOSING GRADUAL ELIMINATION OF USG PUBLIC HOUSING FOR PANAMANIAN CITIZEN EMPLOYEES OF PAN CANAL. GOVERNOR NOTED SEVERAL PRESSURES AT WORK: (A) APPEARANCE OF RACIAL SEGREGATION BY VIRTUE OF SEPARATE COMMUNITY HOUSING AND SPANISH LANGUAGE SCHOOLS; (B) POTENTIAL CENTERS FOR TURMOIL, DISSENTION AND MILITANCY ALTHOUGH SITUATION NOW QUIET; AND, (C) SHORTAGE OF HOUSING FOR US CITIZEN EMPLOYEES. GOVERNOR NOTED THAT HOUSING SHORTAGE

AND SUBSTANDARD HOUSING WERE MOST IMPORTANT IN MORALE OF PAN CANAL EMPLOYEES. HE STATED THAT ONLY TEN PERCENT OF PAN CANAL PANAMANIAN LABOR FORCE RESIDED WITHIN CANAL ZONE. KEY QUESTION IS WHETHER IT IS OPPORTUNE TO GO AHEAD WITH PLAN OR MIGHT GRADUAL ELIMINATION OF LATIN AMERICAN COMMUNITIES PROVOKE GOP UNDULY AND PREJUDICE CURRENT TREATY NEGOTIATIONS. GOVERNOR PARKER EXPRESSED VIEW THAT CZ SHOULD GO FORWARD WITH PLAN AS RELATIONS WITH PANAMA ARE CURRENTLY GOOD. AMBASSADOR JORDEN STATED HIS BELIEF THAT GOP REACTION BOUND TO BE NEGATIVE, ESPECIALLY AT MOMENT WHEN WE ARE TALKING ABOUT INCREASED PANAMANIAN "PARTICIPATION" IN CANAL OPERATIONS. AMBASSADOR STRESSED THAT PLAN SHOULD BE TALKED OUT WITH PANAMANIAN AUTHORITIES SO THAT NEWS OF IT DID NOT REACH THEM "COLD," AND, IF THE CASE COULD BE MADE "QUIETLY," PERHAPS PLAN COULD BE CARRIED OUT WITHOUT BEING EXPOLITED BY ADVERSE ELEMENTS. GENERAL ROSSON SUPPORTED THE PLAN AND ITS CONCEPT. FROM SEVERAL MILITARY ASPECTS, HE VIEWED THE PROPOSAL AS "ATTRACTIVE" BUT CAUTIONED THAT THE ELIMINATION OF THE LATIN AMERICAN COMMUNITIES WOULD BE "COMPLEX AND EMOTIONAL" BUSINESS AND ONE SHOULD PROCEED WITH CARE. ON BALANCE, THE PRC PRINCIPALS AGREED TO RECOMMEND THE PLAN FOR APPROVAL TO WASHINGTON, PROVIDED SCENARIO FOR CAREFUL CONSULTATION WITH PANAMANIAN WAS INCLUDED.

8. GOVERNOR PARKER REFERRED TO UP-COMING VISITS BY ARMY SECRETARY GALLAWAY AND CONGRESSMAN LEGGETT. THE LATTER WILL BE ACCOMPANIED BY SEVERAL OTHER MEMBERS OF CONGRESS AND HIS PLAN IS TO HOLD "OPEN HEARINGS" IN THE CANAL ZONE. GOVERNOR PARKER EXPRESSED HIS RESERVATIONS ABOUT THE IDEA AND SAID HE HOPED TO BE ABLE TO OFFER SOME SUGGESTIONS TO THE CONGRESSMAN ABOUT HOW SUCH HEARINGS MIGHT BE CONDUCTED. GOVERNOR ALSO REFERRED TO GOP NOTE EXPRESSING

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DESIRE TO RENEGOTIATE 1949 CIVIL AVIATION BILATERAL AND SAID HE HOPED PAN CANAL WOULD BE CONSULTED WITH RESPECT TO THOSE PORTIONS DEALING WITH CANAL ZONE.

9. GENERAL ROSSON RAISED SQUATTER ISSUE AND DECISIONS REACHED IN PRC MEETING OF JUNE 5. HE SAID IF DECISION TO BE CARRIED OUT, VERBAL NOTICE MIGHT HAVE TO BE GIVEN OF EVICTION BY AUGUST 1. GENERAL ROSSON SAID DRAFT OF PROPOSED "VERBAL NOTICE" WOULD BE SENT TO PRC PRINCIPALS FOR CONCURRENCE SO THAT ALL PARTIES WOULD BE SAYING SAME THING. JORDEN

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